their Reginal Offices is to co-ordinate the Government (Central as well as State) business and the management of currency/foreign exchange (which is carried out by the agencies of RBI viz. SBI, and its subsidiries and nationalised banks). Such offices also supervise/ regulate the working of banks and attend to other developmental activities.

At present RBI's Office at Bhopal does not have Banking Department (consisting of Public Accounts Department, Deposit Accounts Department and Public Debt Office) for attending to Government business and Issue department to look after management of currency at Bhopal. These functions are at present being carried out on behalf of RBI by the 12 agency banks such as SBI, State Bank of Indore and Central Bank of India and co-ordinated by RBI, "Nagpur.

(e) and (f) RBI has decided to set up its Banking Department as also Issue Department at Bhopal to make it full fledged and steps have been initiated in this regard.

Deposits Mobilised by Commercial Banks

*570. SHRIMATI RENUKA CHOWDHURY: Will the Minister of FINANCE be pleased to state:

(a) the amount mobilised by the commercial Banks as deposits during the years 1995-96 and 1996-97;

(b) whether these banks have been investing huge funds at their disposal in Government securities, far in excess of their genuine needs, while the commercial credit needs of the industry are not being met inspite of the availability of funds; and

(c) if so, the reasons therefor and the steps taken to remove this anomalous situation of liquidity crunch?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Reserve Bank of India (RBI) have reported that the aggregate deposite of scheduled commercial banks increased substantially by Rs. 69,776 crore (16.1 per cent) in 1996-97 as compared to Rs. 46,961 crore (12.1 per cent) in 1995-96.

(b) and (c) RBI have further reported that the increase in credit of scheduled commercial banks in 1996-97 was subdued at Rs. 22,515 crore (8.9 per cent) against an increase of Rs. 42,455 crore (20.1 per cent) in 1995-96. While food credit showed a decline of Rs. 2,195 crore (-22.4 per cent), non-food credit showed a rise of Rs. 24,710 crore (10.1 per cent). In the context of low credit offtake, banks' investmnet in Government securities showed an increase of Rs. 26,860 crore (20.3 per cent) in 1996-97 as against an increase of Rs. 14,542 crore (12.4 per cent) in 1995-96. RBI have reported that the depressed capital market appears to have also played a role in the low credit offtake inasmuch as there has to be some balance between debt and equity; the equity raised by the corporate sector in 1996-97 was significantly lower than in 1995-96. In viewing the growth of bank credit, the growth in total flow of funds to the commercial sector is to be considered. The total amount of funds raised by the commercial sector both from banks and non bank source was Rs. 92,171 crore in 1996-97 as compared to an amount of Rs. 1,06040 crore in 1995-96.

A number of measures have been taken by RBI in the recent past in order to help in increasing credit offtake from commercial banks. These, inter alia, include advice to banks to bring down interest rates by reducing their spreads, phased reduction in Cash Reserve Ratio, introduction of further flexibility in consortium lending norms and full operational freedom in assessing working capital needs of borrowers.

Note: Figure in brackets are percentage variations.

Refining Capacity and Performance of IOC

*572. DR. Y. LAKSHMI PRASAD: